

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01 SP-02
USIA-06 AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04
NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CEA-01 AF-08
ARA-06 EA-07 EUR-12 NEA-10 OES-06 ERDA-05 FEAE-00
/116 W

-----101922Z 110165 /45

P R 101755Z MAR 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 5836

INFO ALL OECD CAPITALS 170

USMISSION USUN NY

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E.O. 11652: N/A

TAGS: UNCTAD, EGEN

SUBJECT: NEGOTIATING CONFERENCE ON THE COMMON FUND

1. SUMMARY: COMMON FUND NEGOTIATING CONFERENCE IS OFF
TO A PREDICTABLE SLOW START, WITH AN INITIAL WRANGLE
OVER ITS PRESIDENCY (WALKER OF JAMICA FINALLY SELECTED)
AND EXTENDED DISCUSSION IN GROUP CAUCUSES OF PROCEDURAL
ISSUES ON ORGANIZATION OF WORK, ROLE OF UNCTAD SECRETARIAT
AND PARTICIPATION OF NGOS. FIRST COUNTRY STATEMENTS, INCLUDING
US. WERE MADE ON THURSDAY, MARCH

10. OPENING ADDRESS BY SEC GEN COREA (REPORTED GENEVA
1692) AND WALKER EMPHASIZED NEED FOR ADVANCE COMMITMENTS
ON COMMON FUND PRECEEDING COMPLETION OF SCHEDULE OF
INDIVIDUAL COMMODITY NEGOTIATIONS. END SUMMARY

2. IN THE ABSENCE OF ANY AGREEMENT ON FORMAL STRUCTURE
FOR THE MEETING UNCTAD SEC GEN WAS FORCED TO OPEN
CONFERENCE ON MONDAY WITH HIS STATEMENT (GENEVA 1692).
IT HAD BEEN EARLIER AGREED THAT THE G-77 (DEVELOPING
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COUNTRIES) COULD DESIGNATE OVERALL PRESIDENT OF MEETING,
BUT THEY WERE UNABLE TO AGREE ON CHOICE DURING FIRST
DAY DESPITE EXTENSIVE CAUCUSING, WHICH FEATURED SHARP
DIFFERENCES BETWEEN AFRICANS AND LATIN AMERICANS. THE
SAUDIS AND LIBYANS REPORTEDLY OBJECTED TO LATIN CAN-
DIDATE WALKER (JAMICA) BECAUSE OF THE COMMENTS HE IS
SUPPOSED TO HAVE MADE WITHIN THE G-77 ON THE IMPACT OF

PETROLEUM PRICE INCREASES ON THE DEVELOPMENT PROCESS. AFRICAN OPPOSITION WAS APPARENTLY A RESIDUE OF AFRICAN RESENTMENT OVER THEIR TREATMENT BY G-77 LEADERSHIP, INCLUDING WALKER, IN NAIROBI WHEN THEY WERE EXCLUDED FROM FINAL NEGOTIATIONS. BY TUESDAY, DISPUTE HAD BEEN RESOLVED (BUT WITH SHARP AFRICAN DISAFFECTION WHICH MAY HAVE FALLOUT LATER IN CONFERENCE) AND WALKER WAS ELECTED. HE THEN PROCEEDED TO GIVE TOUGH OPENING STATEMENT IN WHICH HE EMPHASIZED NEED FOR EARLY AGREEMENT ON FUND AND STRESSED THAT SUCH AGREEMENT MUST TAKE PLACE "WELL BEFORE THE END OF INDIVIDUAL COMMODITY NEGOTIATIONS", WHOSE RESULTS, HE SAID, DEPENDED IN LARGE PART ON PRIOR ASSURANCE THAT A FUNCTIONING COMMON FUND AS A SOURCE OF FINANCE FOR THEIR BUFFER STOCKS WOULD BE IN PLACE. HE CALLED COMMON FUND TO FINANCE BUFFER STOCK AND OTHER NECESSARY MEASURES THE "CENTRAL AND INTEGRATING ELEMENT" OF UNCTAD'S INTEGRATED PROGRAM AGREED AT NAIROBI LAST MAY, AND CALLED CURRENT MEETING "CRUCIAL", AND ONE WHICH SHOULD LEAD TO AGREEMENT AT ITS CONCLUSION.

3. MAJOR UNRESOLVED PROCEDURAL ISSUE AT THIS POINT IS MANDATE AND CHAIRMANSHIP OF SUB-WORKING GROUPS. G-77 LEADERSHIP FAVORS CREATION OF THREE SUB-GROUPS, COMMITTEE I - OBJECTIVES AND ECONOMIC ISSUES, COMMITTEE II - ON FINANCIAL MATTERS, NAD COMMITTEE III - ON LEGAL AND ADMINISTRATIVE SUBJECT. HERE AGAIN, ALLOCATION OF CHAIRMANSHIPS IS HOLDING UP AGREEMENT. AFRICANS ARE INSISTING ON CHAIRMANSHIP OF COMMITTEE I AND ASIANS ARE LIMITED OFFICIAL USE

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HOLDING OUT FOR COMMITTEE II. THIS RELEGATION OF GROUP B TO CHAIRMANSHIP OF COMMITTEE III (CLEARLY THE LEAST SUBSTANTIVE OF THE THREE) IS STRONGLY OPPOSED BY INDUSTRIALIZED COUNTRIES AND GROUP B IS INSISTING THAT IT SHOULD HAVE CHAIRMANSHIP OF ONE OF THE MORE SUBSTANTIVE COMMITTEES (US DEL IS SUPPORTING GROUP B POSITION BUT HAS NOT BEEN ACTIVE ON THIS PROCEDURAL ISSUE.)

4. MINOR DISPUTES HAVE ALSO ARISEN OVER ROLE OF UNCTAD SECRETARIAT IN CONFERENCE AND THE PARTICIPATION

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OF NGOS (NON-GOVERNMENTAL ORGANIZATIONS), BOTH OF WHICH RAISED BY G-77 (IN PARTICULAR AFRICAN GROUP WITHIN G-77), G-77 SUCCESSFUL IN SUBJECTING SECRETARIAT PARTICIPATION TO VETO BY CONFERENCE CHAIRMAN, GROUP B DID NOT RESIST. MOTIVATION FOR G-77 MOVE NOT ENTIRELY CLEAR, BUT PROBABLY RESULTS FROM DISENCHANTMENT WITH SECRETARIAT BY SOME WITHIN G-77 OVER SECRETARIAT'S ADVOCACY OF SPECIFIC POSITIONS ON SOME ASPECTS OF A JUND (E.G., VOTING AND CONTRIBUTIONS) ON WHICH G-77 IS NOT ITSELF AGREED. G-77 ALSO ATTEMPTING TO LIMIT ABILITY OF NGO'S TO PARTICIPATE IN PRIVATE SESSIONS OF CONFERENCE AND PARTICULARLY THEIR ABILITY TO SPEAK IN THE DEBATE. GROUP B'S POSITION HAS BEEN THAT NGO'S SHOULD HAVE PARTICIPATION RIGHTS STANDARD IN UNCTAD MEETINGS, AND THAT IF G-77 WISHES TO CHANGE RULES, IT WILL HAVE TO DO SO PUBLICLY AND POSSIBLY BY VOTE. CANADIANS AND AUSTRALIANS PARTICULARLY STRONG ON THIS POINT, BUT US, UK AND OTHERS HAVE GIVEN FULL SUPPORT.

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5. THESE PROCEDURAL ISSUES SHOULD BE WORKED OUT IN NEXT FEW DAYS. IN MEANTIME, CONFERENCE HAS MET BRIEFLY IN PLENARY SESSION EACH DAY AS WALKER STRIVES TO GIVE EVIDENCE OF MOVEMENT. OPENING STATEMENTS BY SOME DELEGATIONS WERE MADE THURSDAY (BROUP B, GROUP D, JAPAN, US, EC9 SWEDEN, FINLAND, NORWAY). TEXT OF US STATEMENT CONTAINED GENEVA 1751. SEPTTEL WILL BE SENT ON

OTHER STATEMENTS.

MORE ARE SCHEDULED FOR FRIDAY. SUBSTANTIVE
WORK SHOULD BEGIN EARLY NEXT
WEEK, ASSUMING DISPUTE OVER THREE SUB-GROUP CHAIRMANSHIPS IS
RESOLVED.

6. REPORT ON RESULTS OF THREE COMMON FUND PREPARATORY
MEETINGS WAS PRESENTED TO PLENARY BY PREPARATORY
MEETING CHAIRMAN (KHERBI OF ALGERIA) MARCH 9.
ALTHOUGH ADMITTING THAT THERE ARE DIFFERENCES ON THE
OBJECTIVES, FINANCING NEEDS, AND DECISION-MAKING AND
MANAGEMENT OF COMMON FUND, KHERBI CLAIMED THAT GENERAL
AGREEMENT NOW EXISTS ON A NUMBER OF POINTS RELATING
TO THE MODE OF OPERATIONS AND SOURCES OF FINANCE.
DHERBI SAID HE FELT THAT THE MANY SUGGESTIONS MADE IN
THE PREPARATORY MEETINGS REFLECT A GENERAL WILL TO
FIND PRACTICAL SOLUTIONS TO COMMODITY PROBLEMS AND
EXPRESSED HOPE THAT THE NEGOTIATING CONFERENCE WILL
BE ABLE TO TAKE ACTION TO FIND NEW SOLUTIONS TO NEW
PROBLEMS.

7. COMMENT: OUR PRIVATE TALKS WITH CONFERENCE
DELEGATES FROM BOTH DEVELOPED AND DEVELOPING COUNTRIES
INDICATE THAT EXPECTATIONS FOR THE CONFERENCE ARE
RELATIVELY MODEST. MANY LDCS HAVE TOLD US THEY
REALIZE THIS CONFERENCE IS ONLY THE BEGINNING OF WHAT
IS LIKELY TO BE A LONG PROCESS. IT IS NEVERTHELESS
CLEAR THAT G-77 IS DETERMINED TO PUSH HARD IN THIS
MEETING ON KEY CONCEPTS OF COMMON FUND, INCLUDING
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PRECOMMITMENT OF FUNDS, FINANCING OF "OTHER MEASURES",
ETC. THUS, WE COULD WELL FACE A CRUNCH AT THE END OF
THE SESSION AS THE G-77 TRIES TO PUCH THROUGH A
RESOLUTION INVOLVING SOME ELEMENT OF COMMITMENT ON
PRONCIPLE TO THESE CONCEPTS OF THE COMMON FUND.

8. GROUP B IS IN RELATIVELY GOOD ARRAY AT THIS
POINT. THE EUROPEAN COMMUNITY NOW HAS A COMMON
POSITION FOR THE CONFERENCE, WHICH IS ALMOST TOTALLY
COMPATIBLE WITH US POSITION. RESULTS OF
MARCH 8 EC COUNCIL MEETING IN BRUSSELS
REPORTED USEC BRUSSLES 2263). WE ARE REINFORCING GROUP
B COHESION THROUGH CLOSE CONSULTATION WITH EC AND
JAPAN IN PARTICULAR ON ALL MATTERS, INCLUDING OPENING
STATEMENTS. POSITION OF MOST OF THE REST OF GROUP B
MEMBERS -- EXCEPT OF COURSE FOR NORWAY -- IS ONE OF
HEALTHY SKEPTICISM REGARDING COMMON FUND AS A SOURCE
OF PRIMARY FINANCE FOR BUFFER STOCKS. CATTO

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